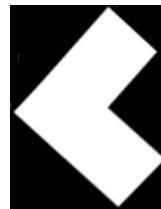


Economic Development Authority of the Town of Lawrenceville , Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2018



*Creedle, Jones
& Alga, P.C.
Certified Public Accountants*

Economic Development Authority of the Town of Lawrenceville , Virginia

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Economic Development Authority of the Town of Lawrenceville , Virginia

EDA Officials

Year Ended June 30, 2018

Board of Directors

Scott Martin, Chairman (resigned June 30, 2018)
Caren Brown-Peterson, Vice Chairman
Wendy Wright, Secretary
Katharine Samford, Treasurer

Tarek Ibrahm
Rodney Elmore
Nicole Young

Ex Officio Member

William Herrington, Town Mayor (term expired June 30, 2018)
Scott Martin, Town Mayor (effective July 1, 2018)



**Creedle
Jones
& Alga**

A Professional Corporation

Robin B. Jones, CPA, CFP
David V. Alga, CPA, CVA, CFF
Denise C. Williams, CPA, CSEP
Scott A. Thompson, CPA, CGMA
Kimberly W. Jackson, CPA

Nadine L. Chase, CPA
Monique A. Lubick, CPA

Sherwood H. Creedle, Emeritus

Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Economic Development Authority of the Town of Lawrenceville, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Economic Development Authority of the Town of Lawrenceville, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Economic Development Authority of the Town of Lawrenceville, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Economic Development Authority of the Town of Lawrenceville, Virginia, as of June 30, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2018 on our consideration of the Economic Development Authority of the Town of Lawrenceville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Economic Development Authority of the Town of Lawrenceville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Economic Development Authority of the Town of Lawrenceville, Virginia's internal control over financial reporting and compliance.

Creedle, Jones & Alga, P.C.

Creedle Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
September 21, 2018

Economic Development Authority of the Town of Lawrenceville, Virginia

Management's Discussion and Analysis

As of June 30, 2018

Our discussion and analysis of the Economic Development Authority of the Town of Lawrenceville, Virginia's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. Please read this information in conjunction with the Economic Development Authority of the Town of Lawrenceville, Virginia's basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Economic Development Authority of the Town of Lawrenceville, Virginia (the "Authority") presents three basic financial statements. These are: (1) Statement of Net Position; (2) Statement of Revenues, Expenses, and Changes in Net Position; and (3) Statement of Cash Flows.

Our financial position is measured in terms of resources (assets) we own and obligations (liabilities) we owe on a given date. This information is reported on the Statement of Net Position, which reflects the Authority's assets in relation to its debt to creditors. The excess of our assets over liabilities is our equity, or net position.

Information regarding the results of our operation during the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position. This statement shows how much our overall net position increased or decreased during the year as a result of our operations and for other reasons.

Our Statement of Cash Flows discloses the flow of cash resources into and out of the Authority during the year and how we applied those funds.

FINANCIAL SUMMARY

Financial Position. A summary of the Authority's Statement of Net Position is presented below as of June 30, 2018:

Total Assets	<u>\$ 407,378</u>
Total Liabilities	\$ -
Net Position	
Net investment in capital assets	383,865
Unrestricted	<u>23,513</u>
Total Liabilities and Net Position	<u>\$ 407,378</u>

Change in Net Position. A summary of the Authority's Statement of Revenues, Expenses, and Changes in Net Position for 2018 is presented below:

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	\$ 11,000
Operating Expenses	<u>(14,898)</u>
Net Operating Loss	<u>(3,898)</u>
Change in Net Position	<u>\$ (3,898)</u>

The Authority received rental income and the annual contribution from the Town of Lawrenceville, Virginia during FY18. Operating expenses resulted primarily from repairs and maintenance and professional fees.

Net position decreased \$3,898 in fiscal year 2018.

Cash Flows. A summary of the Authority's Statement of Cash Flows for fiscal year 2018 is presented below:

Condensed Statement of Cash Flows

Cash Provided by (Used in)

Operating activities	\$ 4,108
Capital and related financing activities	<u>(6,600)</u>
Net Decrease in Cash	<u>\$ (2,492)</u>

Cash flows provided by operating activities consist primarily of rental income and contributions less repairs and maintenance and professional fees, creating a negative cash flow.

During fiscal year 2018, there was a decrease of \$2,492 in cash.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. As of June 30, 2018, the Authority's net capital assets total \$383,865, which represents a net decrease of \$1,906 or 0.49% over the previous fiscal year.

Change in Capital Assets

	<u>Balance July 1, 2017</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2018</u>
Land and land improvements	\$ 70,800	\$ -	\$ 70,800
Buildings	<u>336,395</u>	<u>6,600</u>	<u>342,995</u>
Total Capital Assets	407,195	6,600	413,795
Less: Accumulated depreciation	<u>21,424</u>	<u>8,506</u>	<u>29,930</u>
Net Capital Assets	<u>\$ 385,771</u>	<u>\$ (1,906)</u>	<u>\$ 383,865</u>

Long-Term Debt. As of June 30, 2018, the Authority has no outstanding long-term obligations.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Scott Martin, Chairman of the Economic Development Authority of the Town of Lawrenceville, Virginia, 400 North Main Street, Lawrenceville, Virginia 23868, telephone 434-848-2414.

FINANCIAL STATEMENTS

Economic Development Authority of the Town of Lawrenceville, Virginia

Statement of Net Position

June 30, 2018

Assets

Current Assets

Cash	\$ 22,513
Rent receivable	<u>1,000</u>

Total Current Assets	23,513
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Capital Assets

Land	70,800
Buildings and improvements	342,995
Less: Accumulated depreciation	<u>(29,930)</u>

Net Capital Assets	<u>383,865</u>
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Total Assets	<u><u>\$ 407,378</u></u>
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Liabilities and Net Position

Liabilities

	\$ -
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Net Position

Net investment in capital assets	383,865
Unrestricted	<u>23,513</u>

Total Net Position	<u>407,378</u>
--------------------	----------------

Total Liabilities and Net Position	<u><u>\$ 407,378</u></u>
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See independent auditor's report and accompanying notes to the financial statements.

Economic Development Authority of the Town of Lawrenceville, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2018

Operating Revenues

Rental income	\$ 6,000
Contribution from Town	<u>5,000</u>

Total Operating Revenues	11,000
--------------------------	--------

Operating Expenses

Depreciation	8,506
Advertising	179
Professional fees	1,500
Repairs and maintenance	<u>4,713</u>

Total Operating Expenses	<u>14,898</u>
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Net Operating Loss	<u>(3,898)</u>
--------------------	----------------

Change in Net Position	(3,898)
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Net Position - Beginning of Year	<u>411,276</u>
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Net Position - End of Year	<u><u>\$ 407,378</u></u>
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See independent auditor's report and accompanying notes to the financial statements.

Economic Development Authority of the Town of Lawrenceville, Virginia

Statement of Cash Flows

Year Ended June 30, 2018

Cash Flows from Operating Activities

Receipts from customers and contributions	\$ 10,500
Payments to suppliers	<u>(6,392)</u>

Net Cash Provided by Operating Activities 4,108

Cash Flows from Capital and Related Financing Activities

Purchases of capital assets	<u>(6,600)</u>
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Net Cash Used in Capital and Related
Financing Activities (6,600)

Decrease in Cash and Cash Equivalents (2,492)

Cash and Cash Equivalents - Beginning of Year 25,005

Cash and Cash Equivalents - End of Year \$ 22,513

**Reconciliation of Operating Loss to Net Cash
Provided by Operating Activities**

Operating loss	\$ (3,898)
<i>Adjustments to reconcile operating loss to net cash provided by operating activities</i>	
Depreciation	8,506
<i>Changes in assets and liabilities</i>	
Rent receivable	<u>(500)</u>

Net Cash Provided by Operating Activities \$ 4,108

See independent auditor's report and accompanying notes to the financial statements.

Economic Development Authority of the Town of Lawrenceville , Virginia

Notes to the Financial Statements

Year Ended June 30, 2018

1 Organization, Description of the Entity and Its Activities

The Economic Development Authority of the Town of Lawrenceville , Virginia, (the "Authority") was created by a resolution of the Town Council of Lawrenceville , Virginia (the "Town") dated March 2011 in accordance with Chapter 33, Title 15.1, of the Code of Virginia of 1950, as amended (the "Act"). The purpose of the Authority shall be to promote economic and industrial development in the greater Lawrenceville area.

The Authority is a separate and distinct entity from the Town of Lawrenceville , Virginia and is, in accordance with the Act, a political subdivision of the Commonwealth of Virginia.

A seven-member board appointed by the Town Council of the Town of Lawrenceville , Virginia governs the Authority. The directors are to serve staggered terms of one to four years each.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. The Authority may retain liability under the bonds or it may be assumed by the enterprise for which facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be secured by a deed of trust on those facilities.

2 Determination of the Reporting Entity

For financial reporting purposes, in conformance with the principles of the Governmental Accounting Standards Board, the Economic Development Authority of the Town of Lawrenceville, Virginia is a component unit of the Town of Lawrenceville, Virginia. The Authority is classified as a component unit because its members are appointed by the Town Council of the Town of Lawrenceville, Virginia and there is a potential for the Organization to provide specific financial benefits to the Town. The Authority is reported as a discretely presented component unit in the Town's financial report.

3 Significant Accounting Policies

Financial Statement Presentation

The financial statements of the Economic Development Authority of the Town of Lawrenceville, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the Authority's accounting policies are described below:

Net Investment in Direct Financial Leases

The Authority may acquire and improve properties and retain title to them. Where bargain purchase options or other lease provisions do not reasonably assure transfer of title at the completion of a lease to a tenant, the Authority accounts for activities in its role as lessor as either capital leases or operating leases. The Authority does not have any investment in direct financing leases.

Basis of Accounting

The Authority's accounting system is organized and operated on a fund basis. A fund records cash and other financial resources, together with all related liabilities, obligations, reserves, and residual equity, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Authority utilizes one type of proprietary fund with that being an enterprise fund, which accounts for operations that are financed and operated in a manner similar to private business enterprises.

The intent of the Authority is that the cost of providing services to the general public be financed or recovered through user charges.

The Authority utilizes the accrual basis of accounting under which revenues are recorded in the period earned and expenses are recorded when the related liabilities are incurred.

The Authority may realize its assets and liquidate its liabilities in operating cycles, which range from very short to very long periods. The accompanying financial statements are presented in a nonclassified format because working capital concepts are not indicative of its operating cycle.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4 Deposits and Investments

All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security of Public Deposits Act, Section 2.2-4400 et seq. of the code of Virginia or covered by FDIC. The Authority considers all investments purchased with a maturity of three months or less to be cash equivalents.

5 Capital Assets

Capital assets are stated at cost less accumulated depreciation. Depreciation on building and improvements are computed by the straight-line method over the estimated useful lives of the assets. Additions to capital assets, major betterments and replacements are recorded at cost. Maintenance, repairs, and minor replacements are expensed as incurred. Gains and losses on dispositions are reflected in current earnings.

The following is a schedule of estimated useful lives:

Buildings and improvements	40 years
----------------------------	----------

The following schedule details the change in capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital Assets Not Being Depreciated				
Land	\$ 70,800	\$ -	\$ -	\$ 70,800
Total Capital Assets Not Being Depreciated	70,800	-	-	70,800
Other Capital Assets				
Buildings and improvements	336,395	6,600	-	342,995
Total Other Capital Assets	336,395	6,600	-	342,995
Less: Accumulated depreciation for				
Buildings and improvements	21,424	8,506	-	29,930
Total Accumulated Depreciation	21,424	8,506	-	29,930
Other Capital Assets, Net	314,971	(1,906)	-	313,065
Net Capital Assets	\$ 385,771	\$ (1,906)	\$ -	\$ 383,865

Net capital assets decreased \$1,906.

6 Operating Leases

On May 23, 2014, the Authority entered into a lease agreement with Virginia Commonwealth University with an initial term of five years. The terms of the lease are as follows: \$500 per month for the term of the lease.

7 Fiscal Agent

The Treasurer of the Town of Lawrenceville, Virginia has been appointed as the fiscal agent for the Authority. In addition, the fiscal agent utilizes the services of the Town's Treasurer to maintain the financial data of the Authority. The Treasurer is insured by a \$250,000 insurance bond through the Town.

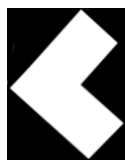
8 Litigation

At June 30, 2018, management reports that there were no matters of litigation involving the Authority that would have a material affect on the financial position of the Authority.

9 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2018. Management has performed their analysis through September 21, 2018.

COMPLIANCE



**Creedle
Jones
& Alga**

A Professional Corporation

Robin B. Jones, CPA, CFP
David V. Alga, CPA, CVA, CFF
Denise C. Williams, CPA, CSEP
Scott A. Thompson, CPA, CGMA
Kimberly W. Jackson, CPA

Nadine L. Chase, CPA
Monique A. Lubick, CPA

Sherwood H. Creedle, Emeritus

Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Economic Development Authority of the Town of Lawrenceville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of the Economic Development Authority of the Town of Lawrenceville, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Economic Development Authority of the Town of Lawrenceville, Virginia's basic financial statements and have issued our report thereon dated September 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Economic Development Authority of the Town of Lawrenceville, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Economic Development Authority of the Town of Lawrenceville, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Economic Development Authority of the Town of Lawrenceville, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Economic Development Authority of the Town of Lawrenceville, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Creedle, Jones & Alga, P.C.

Creedle Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
September 21, 2018